



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 81**
Streamlining Draft **AGEB 17**

Date: January 14, 2010 11:03 AM	Author:
Dept./Agy.: Medical Center of Louisiana at New Orleans	Analyst: Charley Rome
Subject: Independent Study of New Orleans Charity Hospital Plan	

Request an independent study of "Charity Hospital" to evaluate the overall plan and report findings to the legislature before the convening of the next regular session.

Request an independent study of "Charity Hospital" to evaluate the overall plan, including the business plan and site location, and report findings to the legislature before the convening of the next regular session. Governor, DHH and LSU To obtain an independent study which can objectively evaluate the overall plan of "Charity Hospital."

LFO Note: This Streamlining Commission recommendation does not explicitly require that the recommended study evaluate repairing or restructuring the current "Big Charity" building. However, Commission testimony on this issue primarily related to potential cost savings from rehabilitating the current structure instead of constructing a new hospital. As such, our analysis below includes estimated costs to study repairing and restructuring the old hospital.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$2,900,000	\$0	\$0	\$0	\$0	\$2,900,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$2,900,000	\$0	\$0	\$0	\$0	\$2,900,000

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed recommendation is likely to increase state general fund expenditures by a maximum estimated amount of \$2.9 million in Fiscal Year 2010-11. The state funded a \$1.8 million dollar study in 2005 entitled "Site and Facility Master Plan for Consolidation of Charity and University Hospitals at Medical Center of Louisiana at New Orleans." A similar study would cost approximately \$2.3 million in 2010 adjusted for inflation of 4 percent per year. This study did not include an evaluation of refurbishing "Big Charity".

Although the initial 2005 study did not include an evaluation of refurbishing the existing "Big Charity" building for use as the new hospital, the Foundation for Historical Louisiana commissioned a \$600,000 study in 2008 conducted by RMJM Hillier to examine and evaluate the entire "Big Charity" structure to determine the advisability of repairing or restructuring the facility. Adding an estimated cost of \$600,000 to evaluate repairing or restructuring "Big Charity" brings the estimated costs to \$2.9 million for the study recommended by the Streamlining Commission (\$2.3 million for Site and Facility Plan study and \$600,000 to evaluate repairing or restructuring "Big Charity").

The Legislative Fiscal Office considered use of information from previous studies to lower the costs associated with the study requested by the Commission's recommendation. According to the Office of Facilities Planning, using information from previous studies will lessen the independence of the study requested by this Commission recommendation. The Office of Facilities Planning also reports that an independent contractor selected for the proposed study is unlikely to accept the work of previous parties without extensive and costly verification procedures. As such, the cost estimate above assumes no savings due to use of information from previous studies.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	H. Gordon Monk
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	Legislative Fiscal Officer